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ABSTRACT

This publication contains the three numeracy units of the three levels of Support Materials for Agricultural Training (SMAT) in the area of farmers as employers: Level 1 (starting), 2 (continuing), and 3 (completing). The units are designed to help the learner improve his or her numeracy skills needed to deal with employment of agriculture workers. SMAT materials can be used by the individual, with a mentor, or in a group or class. An introduction describes how to use the materials, types of activities, and materials needed. Each level contains agriculture-related mathematics activities. Model answers are provided. Topics covered in Level 1 are pay slips, tax, and seasonal workers. Topics covered in Level 2 are as follows: calculating wages, percentage, piecework, workforce, nonseasonal workers, tax rates, and leave loading. Topics covered in Level 3 include the following: holiday pay, superannuation, WorkCover premiums, casual labor, total wage costs, long service leave, and trainees. (YLB)

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ED 431 085

Farmers As Employers

Numeracy
Level 1

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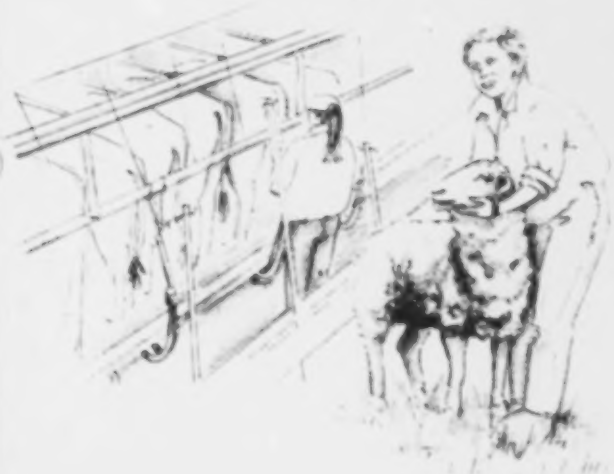

Support Materials for Agricultural Training

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Introduction

Welcome to this unit of the SMAT materials, *Farmers as Employers 1 - Numeracy.*

SMAT stands for Support Materials for Agricultural Training. SMAT will help you improve your written and spoken communication skills and your numeracy skills, so you can succeed at training programs or communicate more successfully in your workplace.

Where this fits

SMAT has four topics: *Agricultural Production, Farmers as Employers, Farm Management and Leadership* and *Occupational Health and Safety.*

This unit is Level 1 of *Farmers as Employers - Numeracy*. There are three units of *Farmers as Employers - Numeracy*: Level 1 (starting), 2 (continuing) and 3 (completing). Each unit has two parts: Communication Skills and Numeracy.

After you finish this unit, you could try the other units at the same level: *Agricultural Production 1 - Numeracy, Occupational Health and Safety 1 - Numeracy*, *Farm Management and Leadership 1 - Numeracy*.

Then you could try the units at a higher level.

You do not have to complete every unit in SMAT. It is up to you to choose the most useful parts and work through them.

How to use these materials

You can use the SMAT materials by yourself, with someone to help you, or in a group or class. It is hard to work by yourself, so it is a good idea to have someone who can give you advice and feedback (a mentor). This person could be a trainer from a college or community centre, a relative, a neighbour or a friend.

The unit is written so you can start at the beginning and work through it. Or if you like you can choose parts of the unit and only do those parts. Spend more time on the parts which are most useful for you. If something is not useful, you can skip it.

There is no certificate to go with the SMAT materials. But SMAT helps you improve your skills so you can do other courses and get other certificates. For example: FarmSmart, Rural Business Management, and courses run by the Department of Natural Resources and Environment. You will also find that working through SMAT improves the communication and numeracy skills that you need in your working life.

Outcomes

After you finish the SMAT materials you will be able to communicate more effectively in speech and writing and use numeracy skills more effectively.

How long should I spend?

This depends on you. The amount of time will be different if you are working by yourself or in a group, with a mentor or without, and if you do all the activities or not. Take enough time to do all the activities that are relevant to you, to a standard high enough to satisfy you.

Activities

Each unit has a number of activities for you to do. In the communications units there are four types of activities:

- key word activities
- reading activities
- writing activities
- spoken communication activities.

In the numeracy units there are numeracy activities.

Sometimes you can write answers to these activities in the book. Sometimes it is better to write them in a notebook. Sometimes for the spoken communication activities you will need to go and speak to some other people.

In some places there are also practice writing and practice reading activities. These are extra activities. You can choose to do them if you think you want extra practice in something.

Most of the activities have model answers in the back of the book. You can also ask your mentor to check your answers.

What you need

Before you start, make sure you have the following:

- a notebook (A4 size is best)
- pens, pencils, highlighter pens
- a file or folder to keep extra papers.

Assessment

There is no formal assessment for SMAT. But it is a good idea to have a mentor look at what you have done. That way you can decide together what you have learned and what you need to improve.

Remember, the SMAT materials are a resource for you to use to improve your skills. It is up to you how you use them and how much of them you use.

Pay slips

All employers must give pay slips to their employees.

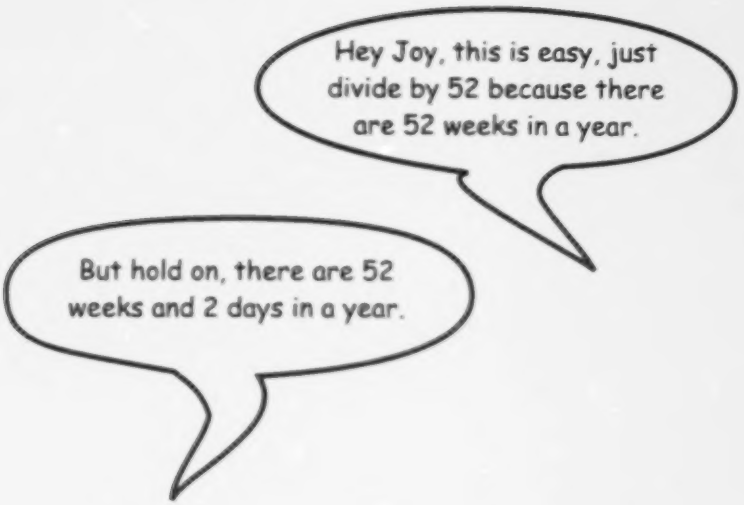
A payslip tells the employee how much they earned, how much tax was taken out and how much they get paid in the hand.

pay slips

gross pay	*the total amount of money you earn before tax, super and other deductions are made.*
net pay	*the amount of money you get in your hand.*
deduction	*amount of money taken out of gross pay, usually tax.*

The amount a person earns is called the gross pay and the amount they get paid in hand is called the net pay.

Often gross wages are quoted as yearly (annual) figures. As wages are usually paid weekly or fortnightly, it is necessary to change the annual wage to weekly.



The annual gross wage is changed to weekly by dividing by the number of days in a year then multiplying by 7 (the number of days in a week.)

Sue and Tom pay Neela $19 980 a year. To calculate the weekly wage they divide $19 980 by 365 and multiply by 7.

On the calculator key in: 19980 ÷ 365 =

The display screen will show: 54.739726

Then on the calculator key in: x 7 =

The display screen will show: 383.17808

Rounding off

We need to round this number off to cents. When rounding off a number, you go to the nearest number. For example, when rounding off 234 to hundreds you round the nearest hundred. This number is closer to 200 than it is to 300. In the previous example we want to round to the nearest cent. Because the digit that comes after the cents is an 8 it means that the cents are closer to 18 cents than 17cents.

Sue and Tom pay Neela $383.18 a week.

Activity 1

1. Brad is paid $19 210 a year. How much does he earn a week ?

2. Grace works for Sally and Ted. They pay her $19 345 a year. What is her gross weekly wage?

3. David earns $24 400 as a dairy hand. What would he earn a week?

4. Bill works for Ros and Michael. He earns $19 450 a year. What is this a week?

Reading pay slips

Information written on a pay slip include gross pay and net pay.

A pay slip may also include information about holiday pay, leave loading, superannuation payments and any other deductions or additions.

A deduction is an amount taken out of a wage, such as superannuation payments. An addition is an amount added on to a wage, such as leave loading.

A pay slip has a number of parts. Look at the pay slip Sue and Tom give to their farm hand, Neela.

S. & T. Thomas Farms

Employee Name: **Necla Wilcox**

From: **28/7/97** To: **3/8/97**

Net Pay **$319.53**

Entitlements:

Total Gross	**$383.18**

Deductions:

Tax	**$63.65**

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Activity 2

1. Can you find the answers to these questions on the pay slip?

   - What is the name of Sue and Tom's farming business?

   - How much did Neela earn?

   - How much tax was taken out?

   - How much did Neela take home?

   - Were there any other deductions or additions to the pay slip?

2. Brad works for Kevin on his orchard as a farmhand. This is the pay slip Kevin gives to Brad.

- Four Roads Orchards -

Employee Name: **Brad Hazer**

From: **28/7/97** To: **10/8/97**

Net Pay **$583.39**

Entitlements:	
Normal pay	$368.41
Annual Leave 3/8/97-10/8/97	$368.41
Leave Loading 17.5%	$64.47
Total Gross	$801.29
Deductions:	
Tax	$217.90

From the pay slip answer these questions.

- How many weeks is this pay for?

- How much did Brad take home?

- Did Brad have holidays during this time?

- How much loading did he get?

3. Nadia and Marco employ seasonal workers to pick grapes at their vineyard. They give each picker a pay slip showing how much each picked and how much they were paid per bucket.

Look at the following pay slip:

SARACO'S VINEYARD

Employee Name: **Margaret Nguyen**

From: **23/4/97** To: **7/5/97**

Net Pay **$1047.20**

Entitlements:

Number of buckets: 112

Pay per bucket: $11.00

Total Gross **$1232.00**

Deductions:

Tax **$184.80**

- Who was the payment made to?

- How many buckets did she pick?

- How much did Margaret get paid a bucket?

- How much was she paid for the fortnight?

- How much tax did she pay?

- How much money did she take home?

4. Look at your pay slip. Does it have these details on it? Does it have extra information on it? What is the extra information?

Creating pay slips

You can make your own pay slips. A computer can help with this. Let's practise creating some pay slips.

Activity 3

1. Ken employs David Johns to help on his dairy farm. He pays him $468 a week. He takes $92.70 out in tax a week. He pays him every fortnight. Fill in the blank pay slip with the figures or words below.

$750.60 **David Johns** **$185.40** **6/10/97**

$936 **Ken Walker** **17/10/97**

Employer:	
Employee Name:	
Pay Period From: ..... To:	Net Pay $.....
Entitlements: Total Gross $.....	
Deductions: Tax $.....	

2. Maria employed Sally Land as part of the team to shear her sheep. Sally was paid $1.60 for shorn sheep. For the week Sally shore 627 sheep. Maria took out $150.45 in tax. Use the figures and words below to fill out Sally's pay slip.

Sally Land	$852.75	1/9/97	$1.60	7/9/97
627	$1003.20	Maria Di Livio	$150.45	

Employer:

Employee Name: .....

Pay Period

From: ..... To: .....

Net Pay

$.....

Entitlements:

Number of sheep: .....

Pay per unit: .....

Total Gross $.....

Deductions:

Tax $.....

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Tax

When you pay people who work on your farm, you need to withdraw tax from their wages. These are called income tax instalments. You are responsible for working out how much tax your employee should pay.

If you withdraw too much tax then your employee will receive a refund at the end of the financial year. If you do not withdraw enough tax then your employee will have to pay some more tax later on.

The amount of tax you withdraw depends on:

- how much the employee earns
- whether the employee is a casual worker (for example, seasonal picker shearer) or an ongoing employee.

Tax instalment schedules

Different workers are taxed at different rates. These are called schedules. There are three schedules used by farmers. The basic schedule is called Income Tax Instalments.

There are two other special schedules:

- seasonal horticultural workers
- shearing industry workers.

Activity 4

Which one of the three income tax instalment schedules should these farmers use for their employee?

1. Tom and Sue employ a full-time farmhand on their sheep and cattle farm.

2. Marco and Nadia employ grape pickers at their vineyard.

3. Maria hires a cook to provide meals for the shearers.

4. Kevin employs people to pick apples at his orchard.

5. Kevin also employs two full-time workers all year round to prune, plant, spray and help maintain the orchard.

Using the Income Tax Instalment Schedule

The amount of tax that is deducted from an employee's wage can vary. Look at the following table. These are the headings for columns in the Income Tax Instalment Schedule. The different columns are for different tax rates.

- Column 1 is the gross wage.
- Column 2 shows the tax paid by employees who claim a tax free threshold.
- Column 3 shows the tax paid by employees who do not claim a tax free threshold.
- Column 4 shows the tax paid by employees who do not give a tax file number. Here are the headings of the Instalment Schedule.

INSTALMENT SCHEDULE			
Weekly earnings	Instalment		
	With tax free threshold	No tax free threshold	No tax file number
1	2	3	4
$	$	$	$

Figure 1: Instalment Schedule headings

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Activity 5

Using the table above write down the column number you use for reading the tax amount for each of the following:

1. Ken employs Craig to work as a dairy helper. Craig has given Ken his tax file number but does not claim a tax free threshold.

   Column .....

2. Sally and Ted employ Grace to work on their piggery. Grace has not given them a tax file number.

   Column .....

3. Marco and Nadia employ Long to help on their vineyard. Long has given them a tax file number and is claiming a tax free threshold.

   Column .....

Calculating tax

Sue and Tom have employed a farmhand, Neela. Her weekly wage is $383.18. Sue and Tom need to work out how much tax to take out of her wage. Before they do the calculation they need to know:

- Has Neela given them an employment declaration and tax file number?
- Is Neela claiming a tax free threshold?

Neela has given Tom and Sue her tax file number and declaration of employment. She is claiming a tax free threshold. Which column do Tom and Sue need to look in to find how much tax Neela will pay? They should use column 2.

Sue and Tom can now calculate the tax. They use an income tax instalment form. For tax calculations all wages are worked out in dollars. The cents are ignored. Here is part of the Income Tax Instalment Schedule:

INSTALMENT SCHEDULE			
Weekly earnings	**Instalment**		
	With tax free threshold	No tax free threshold	No tax file number
1	2	3	4
$	$	$	$
371	61.00	116.75	179.95
372	61.25	117.10	180.40
373	61.45	117.45	180.90
374	61.65	117.85	181.40
375	61.90	118.20	181.85
376	62.10	118.55	182.35
377	62.35	118.90	182.85
378	62.55	119.25	183.35
379	62.75	119.60	183.80
380	63.00	119.95	184.30
381	63.20	120.30	184.80
382	63.40	120.65	185.25
383	63.65	121.00	185.75
384	63.85	121.40	186.25
385	64.10	121.75	186.70
386	64.30	122.10	187.20
387	64.50	122.45	187.70
388	64.75	122.80	188.20
389	64.95	123.15	188.65
390	65.15	123.50	189.15

Figure 2: Instalment Schedule

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Reading the Instalment schedule

To read the Instalment Schedule, first find the dollar value that you need from column 1. You might find it easier to highlight this row. Then read across the row until you come to the correct column. Now you have the amount of tax that needs to be paid.

For example, Neela's weekly wage is $383.18. Find 383 in Column 1, then highlight the whole row. Now circle column 2. How much tax does Neela pay? She pays $63.65. How much is left after tax?

On the calculator key in: 383.18 - 63.65 =

The display screen will show: 319.53

So Neela is left with $319.53.

Let's look at another example.

Sally and Ted pay Grace $371 a week. Grace has not given them a tax file number.

Find the correct column and row on Figure 3. How much tax is taken out? Grace needs to pay $179.95 in tax.

On the calculator, key in: 371 - 179.95 =

The display screen will show: 191.05

They take out $179.95 from Grace's wage. Grace will take home $191.05.

Activity 6

Find the tax paid by each of these employees and then calculate the net wage (take home pay). Use Figure 3.

1. Ros and Michael have employed Bill to help on their cereal farm. He is paid $373 a week. How much tax is deducted if he has not supplied a tax file number?

   .....

2. Kevin pays Craig $388.40 a week. Craig has given Ken a tax file number but does not claim a tax free threshold.

   Gross pay .....

   Tax .....

   Net pay .....

3. Nadia and Marco pay Long $390 a week. He has supplied a tax file number and claims a tax free threshold.

   Gross pay .....

   Tax .....

   Net pay .....

4. Maria employs Bronwyn to work on her sheep farm. Bronwyn has given Maria a tax file number but is not claiming a tax free threshold. She is paid $389.56.

   Gross pay .....

   Tax .....

   Net pay .....

5. Ken employs David as a dairy technician. He pays him $376.46 a week. David is claiming a tax free threshold and has given Ken his tax file number.

Gross pay .....

Tax .....

Net pay .....

Seasonal workers

Seasonal workers are usually paid in one of two ways. Either they are paid a flat rate per hour or they are paid by the piece for each bag they pick or each sheep they shear.

A farmer must first work out the total pay for the week then find the taxed amount.

Activity 7

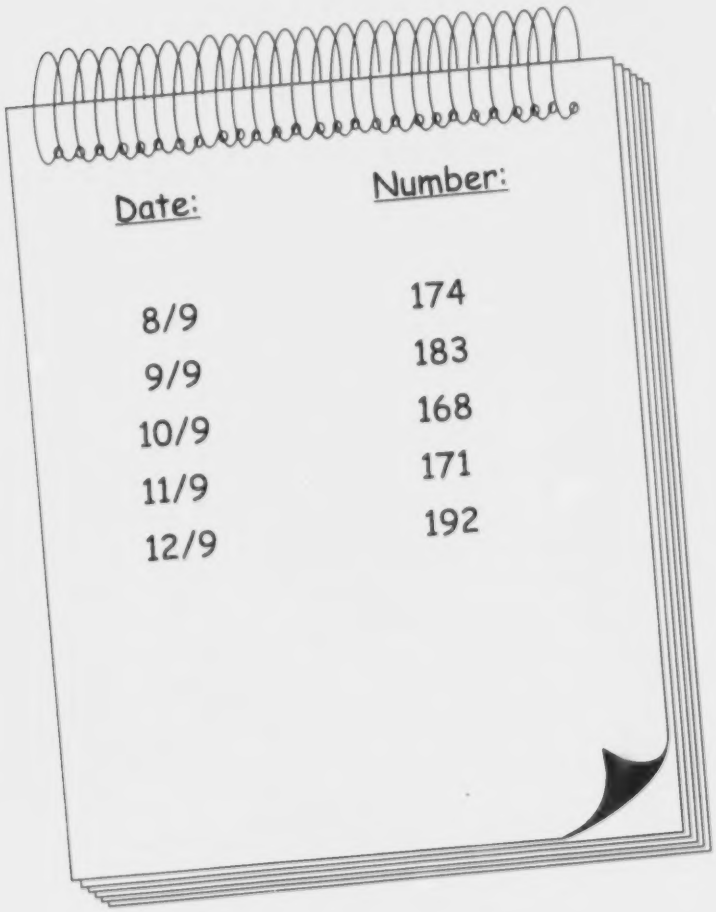
1. Kevin owns a apple orchard. He hires pickers from February to May picking apples. He pays the pickers $10.50 an hour. They work five days a week from 8 a.m. to 5 p.m. with an hour unpaid lunch break.

   - How many hours a day do the pickers work?

   - How much do they get a day?

   - How much do they get a week?

2. Maria employs shearers for two weeks in September to shear her sheep. The shearers are paid $1.60 a sheep. Sally shears the following number of sheep for the week.



- What is the total number of sheep that Sally sheared in the week?

- How much will Sally be paid for the week?

Income tax schedules

Farmers who employ seasonal workers use a special Income Tax Instalment Schedule. There are two, one for shearing industry workers and another for horticultural workers.

The amount of tax depends on:

- Is the worker a resident of Australia?
- Has the worker provided a tax file number?

Here are the headings from the special income tax schedule.

Earnings	Instalment			
	Resident		Non-Resident	
	With tax file number	No tax file number	With tax file number	No tax file number
1	2	3	4	5
$	$	$	$	$

Figure 3: Instalment Schedule heading for seasonal workers

Activity 8

Use the column headings above to decide which column you would read the tax figure from.

1. Sally is a shearer. She is visiting from New Zealand and does not have a tax file number.

   Column.....

2. Long works as a grape picker. He is an Australian resident and has given his employer a tax file number.

   Column.....

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3. Jurgen is working in a citrus orchard picking oranges. He is on a working holiday from Germany and has given his employer a tax file number.

   Column .....

4. Tracy works picking apples. She is a resident of Australia and has not given her employer a tax file number.

   Column .....

Using the Instalment Schedule for seasonally employed persons

When you employ a seasonal worker a special schedule for persons seasonally employed is used. Here is part of the table in this schedule.

INSTALMENT SCHEDULE				
Earnings	Instalment			
	Resident		Non-Resident	
	With tax file number	No tax file number	With tax file number	No tax file number
1	2	3	4	5
$	$	$	$	$
551	82.65	267.25	159.80	259.45
552	82.80	267.70	160.10	259.90
553	82.95	268.20	160.35	260.40
554	83.10	268.70	16.65	260.85
555	83.25	269.15	160.95	261.30
556	83.40	269.65	161.25	161.80
557	83.55	270.15	161.55	262.25
558	83.70	270.65	161.80	262.75
559	83.85	271.10	162.10	263.20
560	84.00	271.60	162.40	263.65
561	84.15	272.10	162.70	264.15
562	84.30	272.55	163.00	264.60
563	84.45	273.05	163.25	265.10
564	84.60	273.55	163.55	265.55
565	84.75	274.00	163.85	266.00
566	84.90	274.50	164.15	266.50
567	85.05	275.00	164.45	266.95
568	85.20	275.50	164.70	267.45
569	85.35	275.95	165.00	267.90
570	85.50	276.45	165.30	268.35
571	85.65	276.95	165.60	268.85
572	85.80	277.40	165.90	269.30
573	85.95	277.90	166.15	269.80

Figure 4: Instalment Schedule for seasonal workers

Let's look at how to use this schedule.

Reading the Instalment Schedule

Seasonal workers

Reading this Instalment Schedule is much the same. In this case there are more columns. First find the dollar value that you need from column 1. Highlight this row. Read across the row until you come to the correct column. You now have the amount of tax that needs to be paid.

Maria employs Sally to shear sheep. Sally is a non-resident with no tax file number. Sally earned $561 last week.

Find 561 in Column 1.

Now look across to Column 5. The tax to take out is 264.15. To find the take home pay, calculate 561 - 264.15 = 296.85.

So, Sally takes home $296.85.

Activity 9

Use the table to find the tax paid by each worker then calculate their take home pay (net pay).

1. Tracy picks apples for Kevin. She earns $564 a week for 40 hours work. She is a resident of Australia and has not given Kevin her tax file number.

   Gross pay .....

   Tax .....

   Net pay .....

2. Long is paid $565.35 for picking grapes for Maria and Marco. He is a resident of Australia and has given Maria and Marco his tax file number.

   Gross pay .....

   Tax .....

   Net pay .....

3. Jurgen picks oranges on Antonia's citrus orchard. He is paid $552.60 for the week. He is not a resident of Australia and has given Antonia his tax file number.

   Gross pay .....

   Tax .....

   Net pay .....

Model answers

Activity 1

1. Brad earns $368.41 a week.
2. Grace earns $371 a week.
3. David earns $467.95 a week.
4. Bill earns $373.01 a week.

Activity 2

Question 1

- Sue and Tom's farming business is called S. & T. Thomas Farms.
- Neela earned $383.18.
- $63.65 was taken out in tax.
- Neela took home $319.53.
- There were no other deductions.

Question 2

- The pay is for 2 weeks.
- Brad took home $583.39.
- Yes, Brad had holidays during this time.
- Brad got 17.5 % loading which was $64.47.

Questions 3

- The payment was made to Margaret Nuygen.
- She picked 112 buckets.
- Margaret got paid $11 a bucket.
- Margaret got paid $1232 for the fortnight.
- She paid $184.80 tax.
- Margaret took home $1047.20

Activity 3

Question 1

Employer:	Ken Walker	
Employee Name:	David Johns	
Pay Period From: 6/10/97 To: 17/10/97		Net Pay $750.60
Entitlements:		
	Total Gross $936.00	
Deductions:		
	Tax $185.40	

Question 2

Employer: Maria Di Livio	
Employee Name: Sally Land	
Pay Period From: 1/9/97 To: 7/9/97	Net Pay $852.75
Entitlements: Number of sheep: 627 Pay per unit: $1.60 Total Gross $1003.20 Deductions: Tax $150.45	

Activity 4

1. Basic schedule
2. Seasonal horticultural workers
3. Shearing industry workers
4. Seasonal horticultural workers
5. Basic schedule

Activity 5

1. Column 3
2. Column 4
3. Column 2

Activity 6

1. Bill has $180.90 deducted in tax.

2. Gross pay $388.40
   Tax $122.80
   Net pay $265.60

3. Gross pay $390
   Tax $65.15
   Net pay $324.85

4. Gross pay $389.56
   Tax $123.15
   Net pay $266.41

5. Gross pay $376.46
   Tax $62.10
   Net pay $314.36

Activity 7

Question 1

- The workers work for 8 hours a day.
- Key in on the calculator: 8 x 10.50 =

  The display screen will show: 84

  The workers will be paid $84 a day.

- Key in on the calculator: 5 x 84 =

  The display screen will show: 420

  The workers will be paid $420 a week.

Question 2

- Key in on the calculator: 174 + 183 + 168 + 171 + 192 =

  The display screen will show: 888

  Sally sheared 888 sheep.

- Key in on the calculator: 888 x 1.60 =

  The display screen will show: 1420.8

  Sally will be paid $1420.80 for the week.

Activity 8

1. Column 5
2. Column 2
3. Column 4
4. Column 3

Activity 9

Question 1

Gross pay $564

Tax $273.55

Net pay $290.45

Question 2

Gross pay $565.35

Tax $84.75

Net pay $480.60

Question 3

Gross pay	$552.60
Tax	$160.10
Net pay	$392.50

Farmers As Employers

Numeracy
Level 2

Support Materials for Agricultural Training

Acknowledgments

These units were developed as an initiative of the Victorian Farmers Federation and Primary Skills Victoria. They have been written and prepared by Kangan Batman TAFE.

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Introduction

Welcome to this unit of the SMAT materials, *Farmers as Employers 2 - Numeracy.*

SMAT stands for Support Materials for Agricultural Training. SMAT will help you improve your written and spoken communication skills and your numeracy skills, so you can succeed at training programs or communicate more successfully in your workplace.

This unit helps you with the reading, writing and spoken communication skills you need to deal with employing people. This unit is not a course in employing people, but it will support you if you do a course in employing people.

Where this fits

SMAT has four topics: *Agricultural Production, Farmers as Employers, Farm Management and Leadership* and *Occupational Health and Safety.*

This unit is Level 2 of *Farmers as Employers - Numeracy.* There are three units of *Farmers as Employers - Numeracy:* Level 1 (starting), 2 (continuing) and 3 (completing). Each unit has two parts: Communication Skills and Numeracy.

After you finish this unit, you could try the other units at the same level: *Agricultural Production 2 - Numeracy, Occupational Health and Safety 2 - Numeracy, Farm Management and Leadership 2 - Numeracy.*

Then you could try the units at a higher level.

You do not have to complete every unit in SMAT. It is up to you to choose the most useful parts and work through them.

How to use these materials

You can use the SMAT materials by yourself, with someone to help you, or in a group or class. It is hard to work by yourself, so it is a good idea to have someone who can give you advice and feedback (a mentor). This person could be a trainer from a college or community centre, a relative, a neighbour or a friend.

The unit is written so you can start at the beginning and work through it. Or if you like you can choose parts of the unit and only do those parts. Spend more time on the parts which are most useful for you. If something is not useful, you can skip it.

There is no certificate to go with the SMAT materials. But SMAT helps you improve your skills so you can do other courses and get other certificates. For example: FarmSmart, Rural Business Management, and courses run by the Department of Natural Resources and Environment. You will also find that working through SMAT improves the communication and numeracy skills that you need in your working life.

Outcomes

After you finish the SMAT materials you will be able to communicate more effectively in speech and writing and use numeracy skills more effectively. You will be able to accurately produce payslips for employees.

How long should I spend?

This depends on you. The amount of time will be different if you are working by yourself or in a group, with a mentor or without, and if you do all the activities or not. Take enough time to do all the activities that are relevant to you, to a standard high enough to satisfy you.

Activities

Each unit has a number of activities for you to do. In the communications units there are four types of activities:

- key word activities
- reading activities
- writing activities
- spoken communication activities.

In the numeracy units there are numeracy activities.

Sometimes you can write answers to these activities in the book. Sometimes it is better to write them in a notebook. Sometimes for the spoken communication activities you will need to go and speak to some other people.

In some places there are also practice writing and practice reading activities. These are extra activities. You can choose to do them if you think you want extra practice in something.

Most of the activities have model answers in the back of the book. You can also ask your mentor to check your answers.

What you need

Before you start, make sure you have the following:

- a notebook (A4 size is best)
- pens, pencils, highlighter pens
- a file or folder to keep extra papers.

Assessment

There is no formal assessment for SMAT. But it is a good idea to have a mentor look at what you have done. That way you can decide together what you have learned and what you need to improve.

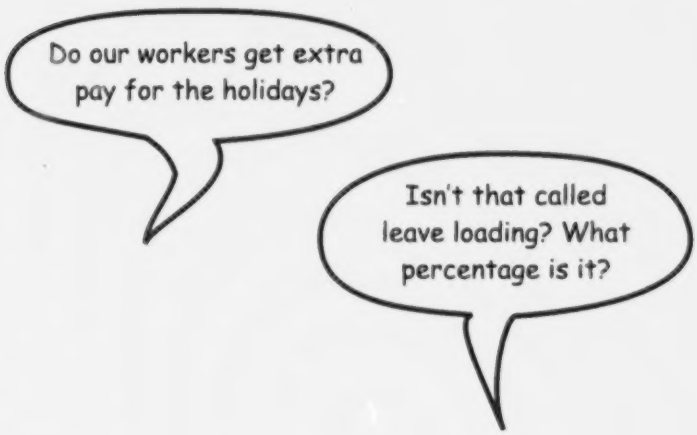
Remember, the SMAT materials are a resource for you to use to improve your skills. It is up to you how you use them and how much of them you use.

Calculating wages

Marco and Nadio have a fruit orchard in Tamura. They employ different types of workers.

During the picking season they employ seasonal workers to pick the fruit. They also employ a farm worker all year round to help with the pruning, planting and general maintenance of the orchard.

Nadia and Marco need to know what their obligations are to their employees. How much tax do they take out of the wages? Are there other payments that they have to plan for such as superannuation?



In *Farmers as Employers 1*, we looked at finding the amount of tax payable by reading the tax instalment schedules. This method is limited as the schedules only go up to $1200 for normal employees and up to $700 for seasonal workers. It is possible to work out the amount of tax payable by using a percentage.

Percentage

First we need to understand what percentages are.

Per cent means out of one hundred. So 50% means 50 out of every 100 or half. Similarly 20% means 25 out of 100 or a quarter.

If 8 out of every 10 farmers have a chemical user's licence, then how many would have a licence if there were 100 farmers?

We can work this out step-by-step:

8 out of 10

16 out of 20

24 out of 30

32 out of 40

72 out of 90

80 out of 100.

Therefore, it would be 80 out of 100 farmers or 80% of farmers have chemical licences.

There is a quicker way to do this. 8 out of 10 can be written as $^{8}/_{10}$ or $8 \div 10$. To change to a percentage multiply by 100. $8 \div 10 \times 100$ is 80%.

A fraction is a number that shows parts, for example, 5 out of 6 can be written as $^{5}/_{6}$ or 5/6. This means there are 5 out of a possible 6 parts available.

To change any fraction to a percentage you multiply by 100.

For more information about changing numbers to percentages look at Farm Leadership and Management 1 – Numeracy.

Activity 1

Here are some percentages:

100% 0% 60% 33 1/3% 66 2/3% 10%

Write the correct percentage next to each statement.

1. No Victorian district had high rainfall in 1997.

2. Six out of ten members of the Shearers and Rural Workers Union are shearers.

3. *All farmers at the Bindigo Cropping Group women's field day were female.*

4. *Two thirds of Australian cattle are beef animals.*

5. *1/10 of Australia's population lives in rural areas.*

Seasonal tax rates

A seasonal worker is someone who does not work for the same employer for a continuous period of more than 6 months. The pickers that Nadia and Marco employ are seasonal workers.

Tax works on per cent. There are four different rates for seasonal workers:

1. *Australian residents with a tax file number are taxed 15% of their wage.*
2. *Australian residents without a tax file are taxed 48.5% of their wage.*
3. Non-residents with a tax file number are taxed 29% of their wage.
4. Non-residents without a tax file number are taxed 47% of their wage.

Income

Gross pay	*the total amount of money earned*
Net pay	*the amount of money received after tax and other deductions have been taken out*

Calculating taxes

Let's look at Mateo and Nadia's pickers. They employ Long Nguyen who is an Australian resident with a tax file number. How much of his wage is deducted for tax if Long earned $616 a week?

Long has 15% deducted from his wages for tax.

Nadia and Mateo calculate 15% of $616 and find that they need to deduct $92.40 in tax per week.

To calculate 15% of $616 on the calculator, key in 616 x 15%. (Or you can key in 616 x 15 ÷ 100)

Long's pay slip for a fortnight would look like this.

SARACO'S VINEYARD

Employee Name: **Long Nguyen**

Pay Period

From: **23/4/97** **To:** **6/5/97**

Net Pay

$1047.20

Entitlements:

Total Gross	$1232.00

Deductions:

Tax	$184.80

Note that their pay slips have the words gross pay and net pay.

- *Gross pay is the total amount earned*
- *Net pay is what the employee gets in the* hand after tax *and other deductions have been taken* out.

Susie Whitehorn and Tracey Hughes work as seasonal pickers *for Nadia and Marco. They are backpackers* from England on a *working holiday. They have given their tax file* number. Nadia *and Marco will deduct 29% of their pay in tax.*

Susie earned $635.60 for the week and *Tracey* earned $589.60 *for the week. How much tax does each pay?*

Nadia and Marco calculate 29% of each wage.

To calculate 29% of $635 and $589 on the calculator, key in 635 x 29% then 589 x 29%.
(If your calculator does not have a % key, enter 635 x 29 ÷ 100 for Susie's tax and 589 x 29 ÷ 100 for Tracey's tax)

Susie will pay $184.15 in tax and Tracey will pay $170.81 in tax.

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Activity 2

Fill out pay slips

1. Fill in the following pay slips for Susie and Tracey. Put in the gross pay, tax deductions and net pay figures.

SARACO'S VINEYARD

Employee Name: **Susie Whitehorn**

Pay Period

From: **23/4/97** To: **6/5/97**

Net Pay

$.....

Entitlements:

Total Gross $.....

Deductions:

Tax $.....

SARACO'S VINEYARD

Employee Name: **Tracey Hughes**

Pay Period

From: **23/4/97** To: **6/5/97**

Net Pay

$.....

Entitlements:

Total Gross $.....

Deductions:

Tax $.....

2. Jurgen Werner also works for Nadia and Marco as a picker. He is visiting from Germany and does not have a tax file number. He earned $567.95 for the week. Calculate his tax and fill out his pay slip.

SARACO'S VINEYARD

Employee Name: **Jurgen Werner**

Pay Period

From: **23/4/97** To: **6/5/97**

Net Pay

$.....

Entitlements:

Total Gross $.....

Deductions:

Tax $.....

3. Do you work on a farm that employs seasonal workers? Which categories do the seasonal workers fit into?

List all the seasonal workers below and what percentage is taxed from their wage.

Seasonal worker	Percentage taxed

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Piecework

Marco and Nadia pay their seasonal workers by the numbers of bins of fruit that they pick rather than by the hour. This is called piecework. Most seasonal workers are paid this way including shearers and fruit and vegetable pickers.

Figure 1: Picker in an orange orchard

Before they can work out the tax they have to calculate the total income.

Let's look at Nadia and Marco's pickers. They are paid by the bin. They get $20 for each bin that they pick. An experienced picker can pick about 5 bins in a day. On average how much will each experienced picker receive per day? How much will each picker get a week?

Nadia and Marco pay about $500 a week to each picker, that is $100 a day for 5 days a week.

Activity 3

Calculating gross wage from price/unit

Work out the total wage for the week for each of these seasonal workers then calculate the amount of tax paid. Fill in the shaded areas on the pay slips. Include gross pay, tax deductions and net pay.

1. Sally works as a shearer. She is an Australian resident with a tax file number. Sally gets paid $1.60 for each sheep she shears. Last week she shore 1230 sheep. How much did she earn for the week?

M & C Betts

Employee Name: **S. Hunter**

Pay Period	Net Pay
From: **22/9/97** To: **28/9/97**	$.....

Entitlements:

Number of sheep: .....

Rate per sheep: $.....

Total Gross $.....

Deductions:

Tax $.....

2. Nick picks grapes in a vineyard. He gets paid $9 a bucket. He picked 270 buckets in three days. Nick is not a resident of Australia but he has a tax file number.

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Black's Wines

Employee Name: **N. Borg**

Pay Period

From: **23/3/97** To: **29/3/97**

Net Pay

$.....

Entitlements:

Number of buckets: .....

Rate per bucket: $.....

Total Gross $.....

Deductions:

Tax $.....

3. Jenny picks apples on Kevin's farm. She picked 432 cases of apples last week. She earns $1.10 a case. Jenny is an Australian resident but she does not have a tax file number.

- Four Roads Orchards -

Employee Name: **J. Williams**

Pay Period

From: **13/4/97** To: **19/4/97**

Net Pay

$.....

Entitlements:

Number of cases: .....

Rate per cases: $.....

Total Gross $.....

Deductions:

Tax $.....

4. Think of any seasonal workers that you know.

   - Are they paid by the hour or by the item?

   .....

   - How much are the seasonal workers paid per item/ hour?

   .....

   - How much produce can they pick in a day? (For a shearer how many can they shear in a day?)

   .....

   - How much can they earn in a day?

   .....

5. Sometimes seasonal pickers are paid by the hour, not by how much they pick. Kevin pays his pickers $10 an hour to pick fruit.
   Bruno White works for Kevin from 8:00am to 4:30pm Monday to Friday. He has ½ hour unpaid time for lunch each day.

   - How many hours a day does Bruno work?

   .....

   - How many hours is this a week?

   .....

   - What is Bruno's gross wage for the week?

   .....

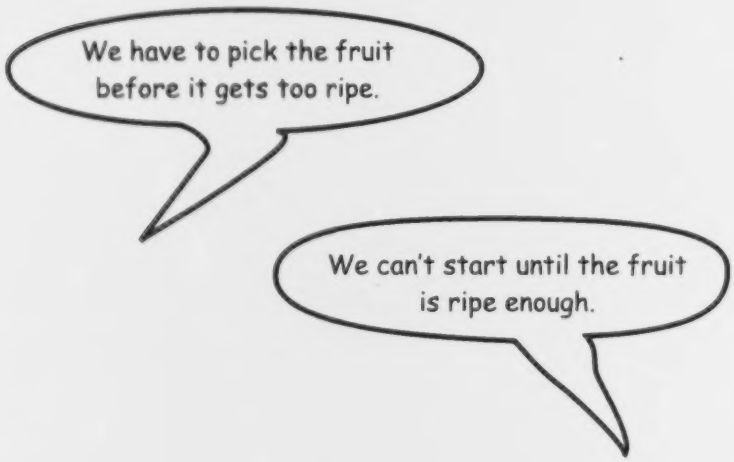
   - How much would Bruno earn in a fortnight?

   .....

Workforce

Like any farmer who employs seasonal workers, Nadia and Marco have only a short time in which the fruit can be picked. What happens if they take too long to pick the fruit?

They need to work out the minimum amount of pickers that they need to pick the fruit in time. What do they need to know to be able to work this out?



They need to know:

- how long the picking time is
- how many bins of fruit will be picked from the orchard
- how many bins a worker can pick in a day on average.

From previous years' experience they know that:

- the picking time for their first crop is 9 weeks in August and September
- last year they picked 75 bins (each bin holds 24 bushels) of oranges a hectare. They picked off 12 hectares, making a total of 900 bins

- this year they have an extra 4 hectares. This is an extra 300 bins. So the total is 1200 bins

- an experienced picker can pick 5 bins a day.

Nadia and Marco need 1200 bins picked in 9 weeks. This is about 135 bins a week or 27 bins a day. Assume pickers work 5 days a week. If a picker picks 5 bins a day then they need at least 6 pickers to get the fruit in. Six pickers will pick 30 bins a day. They should plan to employ a few more than this. Can you think of reasons why you will need to hire more than the minimum number?

This is the first time I've been picking. I get very tired by the end of the day.
I've been picking for years. You get used to it after a while.

Why you would need to hire more than the minimum number of pickers?

Nadia and Marco hire 10 pickers for their citrus orchard.

Activity 4

Calculating the number of seasonal workers

Work out how many seasonal workers each of these farmers will have to employ.

1. Kevin needs 60 000 cases of apples picked. The best picking time is from the first week in March to 25th of April. He knows that on average a picker picks 80 cases a day. They pick 5 days a week.

   No. of weeks .....

   Total no. of cases .....

   No. of cases a week .....

   No. of cases a day .....

   No. of workers .....

2. Maria has 7000 sheep on her farm. She shears for 2 weeks in September. A shearer can shear about 180 sheep a day. Her shearers shear 5 days a week.

   No. of weeks .....

   Total no. of sheep .....

   No. of sheep a week .....

   No. of sheep a day .....

   No. of shearers .....

3. Can you make a similar estimate for the seasonal work on your property?

   .....

   .....

   .....

Non-seasonal workers

Non-seasonal workers are paid differently from seasonal workers. They are usually paid an annual salary. They are either paid weekly or fortnightly. Marco and Nadia pay their farm workers $24 560 a year. How much is this a week? To find the weekly wage they divide the annual (yearly) wages by 365 days then multiply by 7 days a week. Jane, their farm worker gets $471.01 a week.

Calculating annual, weekly and fortnightly wages

Note: Before doing any calculations make sure you check with the union or employer organisation.

To make an annual figure into a weekly wage:

1. Divide the annual figure by 365 (days of the year)

   $30 000 ÷ 365 = $82.19

2. Multiply the answer by 7 for one week

   $82.19 x 7 = $575.33

To make the annual figure into a fortnightly wage:

1. Divide the annual figure by 365

   $30 000 ÷ 365 = $82.19

2. Multiply the answer by 14 (for two weeks)

   82.19 x 14 = $1150.66

   (It is more accurate to round off your decimals at the end of the calculation. Your answers would then be $575.40 and $1150.70)

Activity 5

Calculating yearly wage

Work out the wages each of these people will be paid.

1. Ken wants to employ a dairy technician. He will pay $28 599 a year. How much does this work out to be a week?

2. Sue and Tom employ Neela to help on their property. Neela is paid $385.20 a week. How much does she earn a year?

3. Kevin pays Craig $368.40 a week as an orchard assistant.
   - How much is this a year?
   - Craig is paid fortnightly. What is his gross wage a fortnight?

4. Bronwen works as a jillaroo on Maria's farm. Her annual salary is $29 600. What is her gross wage a week?

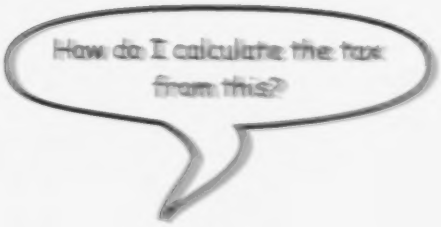
Tax rates

Nadia and Marco tax Jane differently from seasonal workers because Jane is employed all year round. These employees are called Pay As You Earn (PAYE) employees. You can collect a tax pack from a newsagent that will give you the tax rates for PAYE employees. Below are the tax rates used in 1997.

Resident:

Weekly taxable income	Tax
$1 to $98	Nil
$99 to $397	20 cents for each $1 over $98
$398 to $729	$58.85 plus 34 cents for every $1 over $397
$730 to $960	$171.96 plus 43 cents for every $1 over $729
$960 and over	$271.19 plus 47 cents for every $1 over $960

Calculating tax



Nadia and Marco pay Jane $472.51 a week. The tax is calculated on whole dollars. They calculate how much tax is taken out of $472 by looking at the table.

Jane's weekly wage is between $398 and $729 so they can see the tax rate she is on from this line:

$398 to $729 $58.85 plus 34 cents for every $1 over $397

Under the tax column it states $58.85 plus 34 cents for every $1 over $397. This means they need to tax Jane at $58.85 plus 34 cents for every $1 she earns over $397.

They work out how many dollars Jane earns over $397. She earns $422 which is $25 more than $397. She is taxed 34 cents for every dollar of this $25 which comes to $25.50.

To calculate 34 cents of every dollar of $25 on the calculator:

First change 34 cents to dollars which is $0.34

Then key in 0.34 x 75 =

The tax that Jane pays is $58.85 plus $25.50, a total of $84.35.

Jane's pay slip looks like this:

SARACO'S VINEYARD

Employee Name: **Jane Hurley**

Pay Period:

From: **21/4/97** To: **27/4/97**

Net Pay: **$387.96**

Entitlements:

Total Gross: $472.31

Deductions:

Tax: $84.35

RLE

If your employee is not an Australian resident then you need to use another table. This is the table you use:

Non-resident:

Weekly taxable income	Tax
$1 to $397	29 cents for each $1
$398 to $729	$115.13 plus 30 cents for every $1 over $397
$730 to $960	$228.01 plus 45 cents for every $1 over $729
$961 and over	$331.34 plus 47 cents for every $1 over $960

Let's look at an example.

Marco and Nadia also employ Kelvin as a part-time worker but over a full year.

Kelvin works 3 days a week. If he were full-time (worked 5 days a week) he would earn $24 500 a year. How much does he earn a year?

To work this out we need to find three fifths (3/5) of $24 500.

To calculate (3/5) of $24 500 on the calculator, key in
3 ÷ 5 x 24 500 =

Kelvin earns $14 700 a year. How much is this a week?

Kelvin earns $281.92 a week.

Now Nadia and Marco can calculate the amount of tax Kelvin will pay. They highlight the row they need on the non-resident tax table.

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They highlight the first row because Kelvin earns between $1 and $397. They tax Kelvin 29 cents for every whole dollar he earns.

To calculate 29 cents of every dollar of $281 on the calculator

First change 29 cents to dollars which is $0.29

Then key in 0.29 x 281 =

Kelvin pays $81.49 in tax. (Normally this is rounded to the nearest $0.05 and tax deducted would be $81.50)

Kelvin's pay slip looks like this:

- Four Roads Orchards -

Employee Name: **Kelvin McDonald**

Pay Period			Net Pay
From: **21/4/97**	To: **27/4/97**		**$200.42**
Entitlements:			
	Total Gross	**$281.92**	
Deductions:			
	Tax	**$81.50**	

Activity 6

Filling out pay slips

Complete the following pay slips.

1. Craig works 2½ days a week for Kevin as an orchard assistant. A full-time (5 days a week) wage per week would be $368.40. What is Craig paid?

   - How much tax does he pay if he is an Australian resident? Fill out the following pay slip.

- Four Roads Orchards -	
Employee Name: **Craig Bertoski**	
Pay Period From: **17/11/97** To: **23/11/97**	Net Pay $.....
Entitlements: Total Gross $.....	
Deductions: Tax $.....	

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2. Ken employs David Johns to help on his dairy farm. David is an Australian resident. He earns $29 000 per year. How much is this a week? How much tax will be deducted from his pay? Calculate the tax and complete the following weekly pay slip.

~ KEN DAY ~	
Employee Name: **David Johns**	
Pay Period From: **6/10/97** To: **12/10/97**	Net Pay $.....
Entitlements: Total Gross $.....	
Deductions: Tax $.....	

3. Sue and Tom pay Necla $383.18 a week as a farmhand. What does she pay in tax each week if she is not an Australian resident? Calculate her tax and fill in the following pay slip.

S & T Barton

Employee Name: **Necla Brown**

Pay Period

From: **14/4/97** To: **20/8/97**

Net Pay

$.....

Entitlements:

Total Gross $.....

Deductions:

Tax $.....

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4. Ros and Michael employ Bill 4 days a week on their farm. A full-time yearly wage is $19 750. How much a year would Bill earn? How much a week? What tax is deducted from his wage if he is a resident of Australia? Fill in the following pay slip.

R & M Barry	
Employee Name: **William Fredricks**	
Pay Period From: **3/2/97** To: **9/2/97**	Net Pay $.....
Entitlements: Total Gross $.....	
Deductions: Tax $.....	

5. Bronwyn works as a jillaroo for Maria. She earns $29 600 a year. What is her weekly salary? How much tax does she pay if she is an Australian resident? Calculate the tax and complete the following pay slip.

M. TASCONI	
Employee Name: **Bronwyn Marks**	
Pay Period From: **3/3/97** To: **9/3/97**	Net Pay $.....
Entitlements: Total Gross $.....	
Deductions: Tax $.....	

6. If you are an employer or an employee, take a pay slip and calculate the amount of tax needing to be paid. Is the amount shown on the pay slip correct?

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Leave loading

When an employee takes holidays sometimes you have to pay an extra 17½% of their wage in their holiday pay. This is called leave loading. Check the award that your employee is covered by to see if you need to pay leave loading.

Working out leave loading

Let's look at a particular case.

Bronwyn works for Maria 5 days a week and earns $29 600 a year. She has asked for 3 weeks holidays from 24th December to 16th January. Maria must first work out how many working days there are during this time. She gets a calendar.

1997/1998 CALENDAR

	DECEMBER 1997					JANUARY 1998				
Sun.		7	14	21	28		4	11	18	25
Mon.	1	8	15	22	29		5	12	19	26
Tues.	2	9	16	23	30		6	13	20	27
Wed.	3	10	17	24	31		7	14	21	28
Thu.	4	11	18	25		1	8	15	22	29
Fri.	5	12	19	26		2	9	16	23	30
Sat.	6	13	20	27		3	10	17	24	31

Figure 2: 1997-1998 calendar of December/January

Maria counts up all the working days including public holidays (Christmas, Boxing Day and New Year's day). She counts up 18 working days which is 3 weeks and 3 days.

Maria calculates how much Bronwyn would be paid for this time.

Bronwyn earns $29 600 a year or $567.67 a week. In 3 weeks and 3 days Bronwyn will earn $2043.61.

To calculate 3 weeks and 3 days at $567.67 on the calculator:

First change 3 out of 5 days to a decimal which is 0.6

Key in 3 ÷ 5 =

Then multiply 3.6 (3 weeks and 3 days) x $567.67

Key in 3.6 x 567.67

Maria has to then work out 17½% of $2043.61 on the calculator.

First change 17½ to a decimal which is 17.5

Then key in 2043.61 x 17.5% =

Maria needs to pay an extra $357.63 in holiday pay to Bronwyn. Bronwyn will get $2401.24 in holiday pay. Maria then calculates the tax on $2401.24.

It is important to note that Bronwyn has used only 15 days of holidays because during the time she is away there are 3 public holidays (Christmas, Boxing Day and New Year's Day).

Activity 7

1997 CALENDAR

	JANUARY					FEBRUARY					MARCH				
Sun.		5	12	19	26		2	9	16	23	30	2	9	16	23
Mon.		6	13	20	27		3	10	17	24	31	3	10	17	24
Tues.		7	14	21	28		4	11	18	25		4	11	18	25
Wed.	1	8	15	22	29		5	12	19	26		5	12	19	26
Thu.	2	9	16	23	30		6	13	20	27		6	13	20	27
Fri.	3	10	17	24	31		7	14	21	28		7	14	21	28
Sat.	4	11	18	25		1	8	15	22		1	8	15	22	29
	APRIL					**MAY**					**JUNE**				
Sun.		6	13	20	27		4	11	18	25	1	8	15	22	29
Mon.		7	14	21	28		5	12	19	26	2	9	16	23	30
Tues.	1	8	15	22	29		6	13	20	27	3	10	17	24	
Wed.	2	9	16	23	30		7	14	21	28	4	11	18	25	
Thu.	3	10	17	24		1	8	15	22	29	5	12	19	26	
Fri.	4	11	18	25		2	9	16	23	30	6	13	20	27	
Sat.	5	12	19	26		3	10	17	24	31	7	14	21	28	
	JULY					**AUGUST**					**SEPTEMBER**				
Sun.		6	13	20	27	31	3	10	17	24		7	14	21	28
Mon.		7	14	21	28		4	11	18	25	1	8	15	22	29
Tues.	1	8	15	22	29		5	12	19	26	2	9	16	23	30
Wed.	2	9	16	23	30		6	13	20	27	3	10	17	24	
Thu.	3	10	17	24	31		7	14	21	28	4	11	18	25	
Fri.	4	11	18	25		1	8	15	22	29	5	12	19	26	
Sat.	5	12	19	26		2	9	16	23	30	6	13	20	27	
	OCTOBER					**NOVEMBER**					**DECEMBER**				
Sun.		5	12	19	26	30	2	9	16	23		7	14	21	28
Mon.		6	13	20	27		3	10	17	24	1	8	15	22	29
Tues.		7	14	21	28		4	11	18	25	2	9	16	23	30
Wed.	1	8	15	22	29		5	12	19	26	3	10	17	24	31
Thu.	2	9	16	23	30		6	13	20	27	4	11	18	25	
Fri.	3	10	17	24	31		7	14	21	28	5	12	19	26	
Sat.	4	11	18	25		1	8	15	22	29	6	13	20	27	

Figure 3: 1997 calendar

Use the calendar to work out how many days leave there are. (Assume that the working week is from Monday to Friday.)

Calculate 17½% loading in each of these cases.

1. David has asked for holidays from June 30 to July 11. He earns $29 000 a year.

   - How many working days is this?

   - How much does David earn a week?

   - How much would he be paid for this holiday period?

   - How much extra does he earn in loading?

   - What is his gross holiday pay?

2. Neela works full-time for Sue and Tom as a farmhand. She earns $383.20 a week. Sue has asked for holidays from 14/4/97 to 9/5/97.

   - How many working days is this?

   - How much does Neela earn a week?

   - How much would she be paid for this holiday period?

- How much extra does she earn in loading?

- What is her gross holiday pay?

3. Calculate how much loading you receive for the next planned holiday or how much loading you will need to pay an employee for their next leave.

- How many working days will the leave be for?

- How much is earned a week?

- How much is paid for this holiday period?

- How much extra is earned in loading?

- What is the gross holiday pay?

Model Answers

Activity 1

1 No Victorian districts had high rainfall in 1997. **0%**

2 Six out of ten members of the Shearers and Rural Workers Union are shearers. **60%**

3 All farmers at the Birchip Cropping Group women's field day were female **100%**

4 Two thirds of Australian cattle are beef animals. **66 2/3%**

5 1/10 of Australian's population lives in rural areas **10%**

Activity 2

1.

SARACO'S VINEYARD

Employee Name: **Susie Whitehorn**

Pay Period
From: **23/4/97** To: **6/5/97**

Net Pay
$451.45

Entitlements:

Total Gross $635.60

Deductions:

Tax $184.15

SARACO'S VINEYARD

Employee Name: **Tracey Hughes**

Pay Period
From: **23/4/97** To: **6/5/97**

Net Pay
$418.79

Entitlements:

Total Gross $589.60

Deductions:

Tax $170.81

2.

SARACO'S VINEYARD

Employee Name: Jurgen Werner

Pay Period
From: 23/4/97 To: 6/5/97

Net Pay
$301.48

Entitlements:

Total Gross $567.95

Deductions:

Tax $266.49

Activity 3

1.

M & C Betts

Employee Name: S. Hunter

Pay Period
From: 22/9/97 To: 28/9/97

Net Pay
$1672.80

Entitlements:

Number of sheep: 1230
Rate per sheep: $1.60

Total Gross $1968.00

Deductions:

Tax $295.20

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2.

Black's Wines

Employee Name: **N. Borg**

Pay Period			Net Pay
From: **23/3/97**	To: **29/3/97**		$1725.30
Entitlements:			
Number of buckets:	270		
Rate per bucket:	$9.00		
	Total Gross	$2430.00	
Deductions:			
	Tax	$704.70	

3.

- Four Roads Orchards -

Employee Name: **J. Williams**

Pay Period			Net Pay
From: **13/4/97**	To: **19/4/97**		$244.82
Entitlements:			
Number of cases:	432		
Rate per cases:	$1.10		
	Total Gross	$475.20	
Deductions:			
	Tax	$230.38	

5.
- Bruno works 8 hours a day
- This is 8 x 5 = 40 hours a week
- Bruno's gross wage would be 40 hours x $10 hours = $400 a week
- In a fortnight Bruno would earn 2 x $400 = $800

Activity 4

1.	No. of weeks	8
	Total no. of cases	60 000
	No. of cases a week	60 000 ÷ 8 = 7500
	No. of cases a day	1500
	No. of workers	1500 ÷ 80 = 19 workers
2.	No. of weeks	2
	Total no. of sheep	7000
	No. of sheep a week	7000 ÷ 2 = 3500
	No. of sheep a day	3500 ÷ 5 = 700
	No. of shearers	700 ÷ 180 = 4 shearers

Activity 5

1. 28 599 ÷ 365 x 7 = $548.47

   Ken will pay $546.58 per week for a diary technician

2. 383.20 ÷ 7 x 365 = $19 981

   Neela earns $19 981

3. 368.40 ÷ 7 x 365 = $19 209
   - $19 209 is Craig's yearly wage
   - Craig's fortnightly wage is $368.40 x 2 = $736.80

4. Bronwyn's gross wage is 29 600 ÷ 365 x 7 = $567.67

Activity 6

1. Craig is paid $184.20 per week.

- Four Roads Orchards -

Employee Name: **Craig Bertoski**

Pay Period			Net Pay
From: **17/11/97**	To: **23/11/97**		$167.00
Entitlements:			
	Total Gross	$184.20	
Deductions:			
	Tax	$17.20	

3.

$184 - $98 = $86

$86 x 0.2 = $17.20

- Craig pays $17.20 tax as an Australian resident.

2. $29 000 ÷ 365 x 7 = $556.16

~ KEN DAY ~

Employee Name: **David Johns**

Pay Period			Net Pay
From: **6/10/97**	To:	**12/10/97**	$423.19

Entitlements:

Total Gross	**$556.16**

Deductions:

Tax	**$132.97**

Tax = $58.85 + ($556-$397) x 0.34 = $58.85 + $74.12 = $132.97

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3.

S & T Barton	
Employee Name: **Necia Brown**	
Pay Period From: **14/4/97** To: **20/8/97**	Net Pay $272.11
Entitlements: Total Gross **$383.18**	
Deductions: Tax **$111.07**	

Tax = $383.18 x 0.29 = $111.07

4. Yearly wage $19 750 ÷ 5 x 4 = $15 800

   Weekly wage $15 800 ÷ 365 x 7 = $303.01

   Tax (303-$98 x 0.2 = $41)

R & M Barry	
Employee Name: **William Fredricks**	
Pay Period From: **3/2/97** To: **9/2/97**	Net Pay $262.01
Entitlements: Total Gross $303.01	
Deductions: Tax $41.00	

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5. Weekly Wage $29 600 ÷ 365 x 7 = $567.67

   Tax $58.85 + ($567 - $397) x 0.34 = $58.85 + 77.81 = $136.66

M. TASCONI		
Employee Name: **Bronwyn Marks**		
Pay Period From: **3/3/97** To: **9/3/97**		Net Pay **$431.01**
Entitlements:		
Total Gross	$567.67	
Deductions:		
Tax	$136.66	

Activity 7

1.
- There are 10 working days of leave
- David earns $29 000 ÷ 365 x 7 = $556.16 per week
- He was paid 2 x 556.16 = $1 112.32
- His loading was $1 112.32 x 17.5% = $194.66
- Gross pay was $1 112.32 + $194.66 = $1306.98

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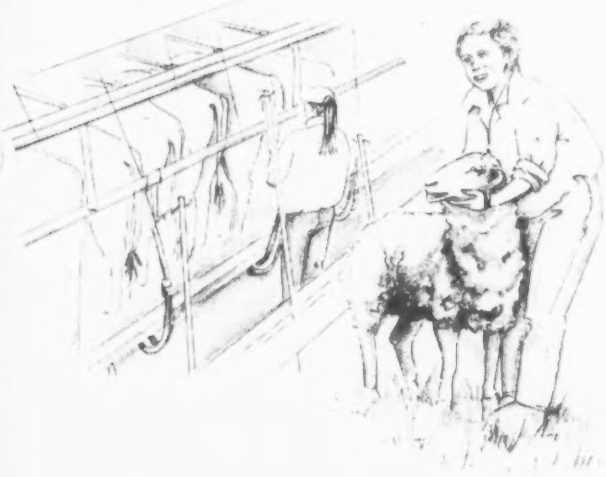
2. This is 20 working days (4 weeks)

   - Necla earns $383.20 per week
   - Necla's holiday pay is $1532.80
   - Loading is $1532.80 x 17.5% = $268.24
   - Necla's gross holiday pay is $1532.80 + $268.24 = $1801.04

Farmers As Employers

Numeracy
Level 3



Support Materials for Agricultural Training

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Introduction

Welcome to this unit of the SMAT materials, Farmers as Employers 3 - Numeracy.

SMAT stands for Support Materials for Agricultural Training. SMAT will help you improve your written and spoken communication skills and your numeracy skills, so you can succeed at training programs or communicate more successfully in your workplace.

Where this fits

SMAT has four topics: *Agricultural Production, Farmers as Employers, Farm Management and Leadership* and *Occupational Health and Safety*.

This unit is Level 3 of *Farmers as Employers* – Numeracy. There are three units of *Farmers as Employers* – Numeracy: Level 1 (starting), 2 (continuing) and 3 (completing). Each unit has two parts: Communication Skills and Numeracy.

When you finish this unit, you could try the other units at the same level: *Agricultural Production 3 – Numeracy, Occupational Health and Safety 3 – Numeracy, Farm Management and Leadership 3 – Numeracy*.

You do not have to complete every unit in SMAT. It is up to you to choose the most useful parts and work through them.

How to use these materials

You can use the SMAT materials by yourself, with someone to help you, or in a group or class. It is hard to work by yourself, so it is a good idea to have someone who can give you advice and feedback (a mentor). This person could be a trainer from a college or community centre, a relative, a neighbour or a friend.

The unit is written so you can start at the beginning and work through it. Or if you like you can choose parts of the unit and only do those parts. Spend more time on the parts which are most useful for you. If something is not useful, you can skip it.

There is no certificate to go with the SMAT materials. But SMAT helps you improve your skills so you can do other courses and get other certificates. For example: Farm$mart, Rural Business Management, and courses run by the Department of Natural Resources and Environment. You will also find that working through SMAT improves the communication and numeracy skills that you need in your working life.

Outcomes

After you finish the SMAT materials you will be able to communicate more effectively in speech and writing and use numeracy skills more effectively.

You will be able to calculate holiday pay, superannuation, WorkCover and other wage costs.

How long should I spend?

This depends on you. The amount of time will be different if you are working by yourself or in a group, with a mentor or without, and if you do all the activities or not. Take enough time to do all the activities that are relevant to you, to a standard high enough to satisfy you.

Activities

Each unit has a number of activities for you to do. In the communications units there are four types of activities:

- key word activities
- reading activities
- writing activities

- spoken communication activities.

In the numeracy units there are numeracy activities.

Sometimes you can write answers to these activities in the book. Sometimes it is better to write them in a notebook. Sometimes for the spoken communication activities you will need to go and speak to some other people.

In some places there are also practice writing and practice reading activities. These are extra activities. You can choose to do them if you think you want extra practice in something.

Most of the activities have model answers in the back of the book. You can also ask your mentor to check your answers.

What you need

Before you start, make sure you have the following:

- a notebook (A4 size is best)
- pens, pencils, highlighter pens
- a file or folder to keep extra papers.

Assessment

There is no formal assessment for SMAT. But it is a good idea to have a mentor look at what you have done. That way you can decide together what you have learned and what you need to improve.

Remember, the SMAT materials are a resource for you to use to improve your skills. It is up to you how you use them and how much of them you use.

Holiday pay

In *Farmers as Employers 1* and *2* we looked at pay and tax. In this unit we will look at holiday pay, superannuation and long service leave.

Non-casual employees are entitled to at least 4 weeks annual leave. Check the award that your employee is under to find out what they are entitled to.

If you want to find out the award conditions of your employee contact the:

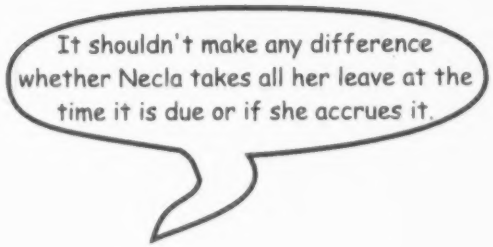
- appropriate union
- employer organisation
- relelvant government department, federal or state.

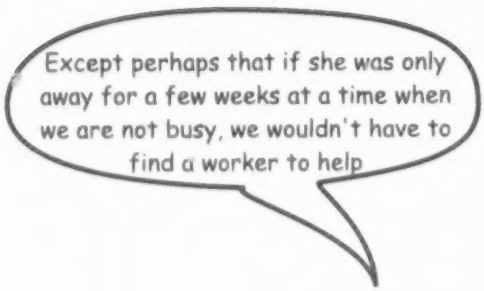
Carrying leave

Some employers let their worker accrue leave for more than a year. Accrued leave is leave that an employee has not used that they are entitled to.

Neela has 8 weeks of leave owing to her because she has only used 2 weeks of her entitled leave each year for the last few years. She plans to use all this leave to travel this year.

What extra expenses will her employers, Sue and Tom, have when Neela takes this leave? Is it more expensive if they let Neela accrue leave like this?




Except perhaps that if she was only away for a few weeks at a time when we are not busy, we wouldn't have to find a worker to help

If a worker accrues leave it can cost the employer a lot more than if the worker had taken the leave when it was due.

Can you think of some reasons why?

Let's look at an example.

Necla has 8 weeks of leave owing. She has accrued the leave over the last 4 years.

Year	Weeks of leave owing
1997	3 weeks
1996	2 weeks
1995	1 week
1994	2 weeks

The first thing you need to investigate is the amount of pay Neela now earns and how much she earned when the holidays were due. Look at the table again.

Year	Weeks of leave owing	Gross weekly wage
1997	3 weeks	$383.20
1996	2 weeks	$358.40
1995	1 week	$349.20
1994	2 weeks	$335.60

Holidays are paid at the rate earned at the time that the holidays are taken, not at the time they were accrued.

If Neela had taken her holidays when they were due how much would she have got in holiday pay for the eight weeks?

Activity 1

1. Calculate the amount Neela would have been paid if she had taken her holidays when they were due. The first one has been done for you.

Year	Weeks of leave owing	Gross weekly wage	Amount earned
1997	3 weeks	$383.20	3 weeks @ $383.20 = $1149.60
1996	2 weeks	$358.40	
1995	1 week	$349.20	
1994	2 weeks	$335.60	
		Total	

2. If Neela takes 8 weeks at her current pay ($383.20), how much will she get?

3. How much extra do Sue and Tom have to pay?

Because of this extra cost and the need to replace employees who take long periods of leave at one time, some workplaces will only let their workers accrue leave for 15 or 18 months. Then they must take it or be paid the leave.

Leave loading

There are other expenses that Sue and Tom may have. During part of this time they may have paid 17½% leave loading.

As from 1992, an employer employing a person under a Victorian state award was not required to pay leave loading. Most state awards were transferred to federal awards by the end of 1994. Under a federal award, leave loading is paid except if there has been a local enterprise bargaining agreement that excludes leave loading.

Calculating leave loading

Activity 2

Neela is covered by the pastoral award. In 1994, Sue and Tom did not pay leave loading but did from 1995 onwards.

1. Using the information from the previous activity, calculate the amount Neela would have been paid if she had taken her holidays when they were due. The first one has been done for you.

Year	Weeks of leave owing	Gross weekly wage	Amount earned	Leave loading
1997	3 weeks	$383.20	$1149.60	$1156.20 x 17 ½ % = $201.18
1996	2 weeks	$358.40	$716.80	
1995	1 week	$349.20	$349.20	
1994	2 weeks	$335.60	$671.20	
		Total		

2. What would have been the total holiday pay Neela would have received including leave loading?

3. If Neela takes 8 weeks at her current pay ($383.20), she would get $3065.60. How much leave loading would she earn on this amount?

4. How much more is this than if it had been paid at the time it was earned?

Superannuation

As an employer, is the gross yearly wage the only cost you have when employing a farmhand? What other costs will an employer have when they employ a worker?

Other costs include:

- superannuation
- leave loading
- long service
- WorkCover levies.

There may be other costs such as employing another worker on a casual basis if your worker is away for a length of time either on holidays or due to illness or accident.

The current legislation states that you must pay superannuation for any employee who is under 60 years of age and earns more than $350 a month. The percentage of the pay that each employer pays for the employee may vary. Check with the taxation department about your obligations.

In 1997 the rate of superannuation deducted from pay in most cases was 6% increasing to 7% on 1st of July 1998 and increasing 1% a year thereafter up to 9%.

Calculating employer contribution

Activity 3

Neela earns $383.20 a week. Sue and Tom pay 6% of Neela's gross wage in superannuation.

1. How much do they pay a week in superannuation?

2. How much extra will the superannuation cost a year? For this calculation assume the full year at 6% rate on weekly pay of $383.20

   Hint: remember that to change a week to a year you can't just multiply by 52. You need to divide by 7 and multiply by 365.

3. What amount do Sue and Tom need to set aside to cover Neela's pay for a year including superannuation?

4. How much will they pay in superannuation (at 7%) for the financial year 1998 - 1999, if Neela is paid the same wage?

5. In the year 1999 - 2000, the superannuation contribution from the employer will be 8% and the following year 9%. This is the last yearly increase. Calculate the superannuation contribution that Sue and Tom will need to pay for Neela if her pay remains the same for these two years.

6. Calculate the amount of superannuation you earn a year. How much would you have by the time you retire if you continue to earn this amount every year?

WorkCover premiums

Employers also have to pay WorkCover premiums for all their employees. The amount of the premium varies according to the industry you work in. The more dangerous the industry the more premium you have to pay. Do you think the premium for farm industry would be high or low? Why?

Activity 4

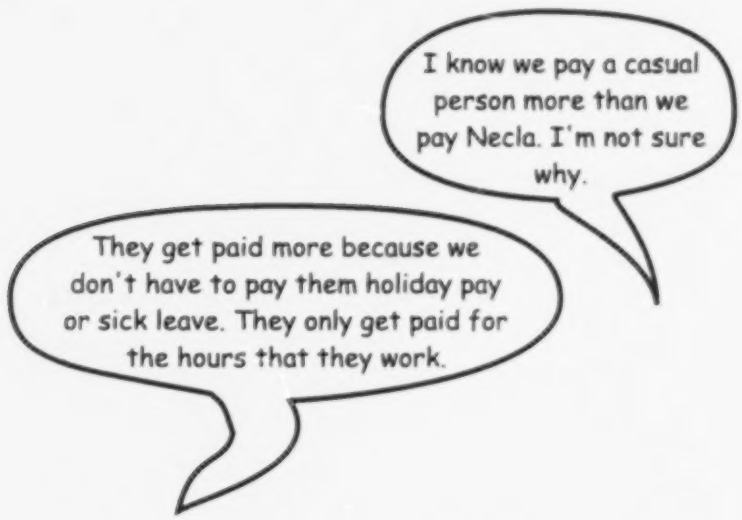
1. The premium is calculated as a percentage of gross wage. Sue and Tom pay 1.08% premium on Neela's wage. If Neela earns $383.20 a week, how much do Sue and Tom pay in WorkCover premiums?

2. How much would they pay a year?

3. What is the total amount Sue and Tom need to cover Neela's wage, superannuation and WorkCover?

Casual labour

Sue and Tom will need to employ casual labour for the time that Necla is on holidays. They want to know how much to pay the casual employee.


I know we pay a casual person more than we pay Necla. I'm not sure why.
They get paid more because we don't have to pay them holiday pay or sick leave. They only get paid for the hours that they work.

Rate of pay for casual labour

Sue and Tom ring Wageline. The person at Wageline informs them that the casual rate is 117 ½% of the normal rate of pay. Always check how much you should be paying.

Activity 5

These were the rates of pay in 1997.

Station hand 1 - less than 12 months' experience	$359.40
Station hand 2 -between 1 year and 3 years' experience	$385.40
Station hand 3 - more than 3 years' experience	$409.50

Sue and Tom pay a casual employee 117½% of these wages. Complete the following table by filling in the casual rates.

1.

Employee	Weekly wage	Casual rate
Station hand 1	$359.40	$359.40% x 117 ½ = $422.30
Station hand 2	$385.40	
Station hand 3	$409.50	

2. What is the total amount Tom and Sue would have to pay a station hand who has less than 12 months' experience for the 8 weeks that Neela is on leave?

3. What if they employed a station hand who had more than 12 months experience but less than 3 years?

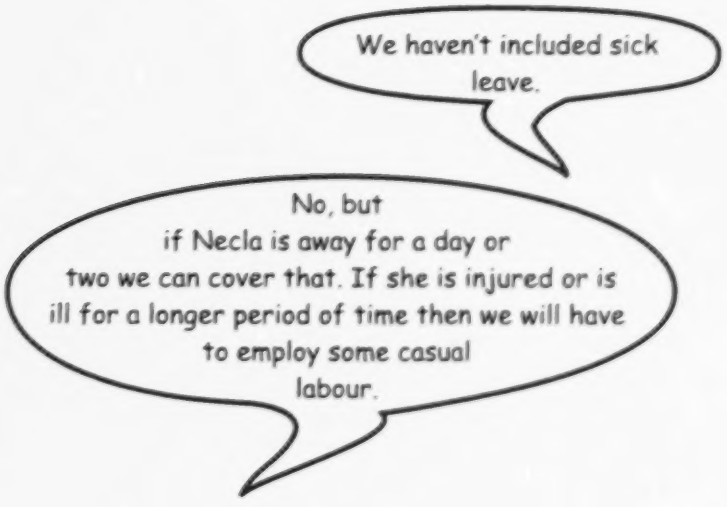
4. How much would a casual worker earn for 8 weeks if they had more than 3 years' experience?

5. What might be the advantage of employing someone with more experience?

Total wage costs

Tom and Sue can see that there are more costs involved in employing a person other than their wage. They need a total cost so they can plan and budget. These costs include:

- wage (including holiday pay)
- leave loading
- superannuation
- WorkCover
- casual labour
- long service leave.


We haven't included sick leave.
No, but if Necla is away for a day or two we can cover that. If she is injured or is ill for a longer period of time then we will have to employ some casual labour.

Activity 6

Use the information that you have calculated throughout this unit to fill in the costs for Sue and Tom. Base your calculations on a normal year assuming 4 weeks leave are taken. Use Neela's current wage of $383.20 per week and 6% superannuation.

1.

Annual cost	$
wage (including leave loading)	
leave loading	
superannuation	
WorkCover	
casual labour	1811.38*
Total	

* Casual labour was calculated as for station hand 2 for 4 weeks.

2. What costs have been left off this list?

Long service leave

If Neela works for Sue and Tom for 10 years or more then she is entitled to long service leave. After 15 years of service she can take 12 weeks long service leave. Award conditions should be checked with the appropriate organisations.

Tom and Sue plan for long service leave for Neela by setting aside an amount equivalent to 1 week's costs of employing Neela per year. They believe this will cover Neela's long service leave as well as a replacement worker for this time.

Activity 7

1. How much would one week's employment costs be?

2. What would be the total annual employment costs for Sue and Tom including this?

Trainees

Trainees are people employed to learn an occupation or profession. Trainees are currently paid 80% of a first year wage.

Tom and Sue feel they need more help around the farm. They decide to employ a trainee as well as Neela.

Activity 8

1. If a first year station hand earns $359.40 a week, how much would a trainee earn?

2. Remember trainees are entitled to 4 weeks leave per year. How much leave loading would you have to pay for these 4 weeks of leave for the trainee?

3. How much superannuation would be paid annually for a trainee?

4. How much would Sue and Tom pay in WorkCover premiums for a trainee?

5. Calculate the total costs for the year to employ a trainee.

6. What other costs would there be?

Model answers

Activity 1

1.

Year	Weeks of leave owing	Gross weekly wage	Amount earned
1997	3 weeks	$383.20	3 weeks @ $383.20 = $1149.60
1996	2 weeks	$358.40	2 weeks @ $358.40 = $716.80
1995	1 week	$349.20	1 week @ $349.20 = $349.20
1994	2 weeks	$335.60	2 weeks @ $335.60 = $671.20
		Total	**2886.80**

2. Neela would earn $3065.60 if she takes 8 weeks leave at her current pay.

3. Sue and Tom would pay an extra $178.80 if Neela saves some of her leave from previous years for 1997.

Activity 2

1.

Year	Weeks of leave owing	Gross weekly wage	Amount earned	Leave loading
1997	3 weeks	$383.20	$1149.60	$1156.20 x 17 ½ % = $201.18
1996	2 weeks	$358.40	$716.80	$716.80 x 17½ % = $125.44
1995	1 week	$349.20	$349.20	$349.20 x 17½% = $61.11
1994	2 weeks	$335.60	$671.20	Nil
		Total	**$2886.80**	**$387.73**

2. Total pay for Neela would have been $2886.80 + $387.73 = $3274.53

3. Neela would earn $536.48 in leave loading.

4. Neela's total leave pay would be $3065.60 + $536.48 = $3602.08. This is $354.55 more in total pay if Neela saves some leave from previous years

Activity 3

1. Sue and Tom pay $22.99 per week in superannuation.

2. This is $1195.60 per year.

3. Sue and Tom need to set aside:

superannuation	$1198.76
wage	$19 981.14
leave loading	$268.24
Total	$21 448.14

4. In 1998 - 1999 Sue and Tom will pay $1394.85 in superannuation.

5. The following year it will be $1594.11, and the year after it will be $1793.38

Activity 4

1. Sue and Tom pay $4.14 per week for WorkCover premiums.

2. This comes to $215.28 per year.

3. They need to set aside
$21 448.14 + $215.28 = $21 663.42

Activity 5

1.

Employee	Weekly wage	Casual rate
Station hand 1	$359.40	$359.40% x 117 ½ = $422.30
Station hand 2	$385.40	$385.40 x 117½% = $452.85
Station hand 3	$409.50	$409.50 x 117½% = $481.16

2. Sue and Tom would pay $422.30 per week x 8 weeks = $3378.40 for a station hand with less than 12 months experience.

3. $3622.76 for a station hand with between 1 and 3 years experience.

4. $3849.30 for a station hand with more than 3 years experience.

Activity 6

1.

Annual cost	$
wage (including leave loading)	19 981.14
leave loading	268.24
superannuation	1198.76
WorkCover	215.28
casual labour	1811.38*
Total	**$23 474.80**

* Casual labour was calculated as for station hand 2 for 4 weeks.

2. Other costs could include:

- superannuation and WorkCover for casual labour
- costs involved in finding a casual worker

Activity 7

1. One week's employment would be $410.46
2. The total annual cost of employing a worker would be $23 885.26

Activity 8

1. A trainee would earn $287.52
2. Four weeks leave loading =
   $287.52 x 4 = $1105.08 x 17 ½% = $201.26
3. Superannuation
   $287.52 x 6% = $17.25 per week or $899.53 per year
4. WorkCover
   1.08% of $14 992 = $161.92

5. Total cost $14 992.11

   $ 201.26

   $ 161.91

   $ 899.53

   Total $16 254.81

6. Costs of finding and employing a replacement while trainee is on leave. You may think of more.